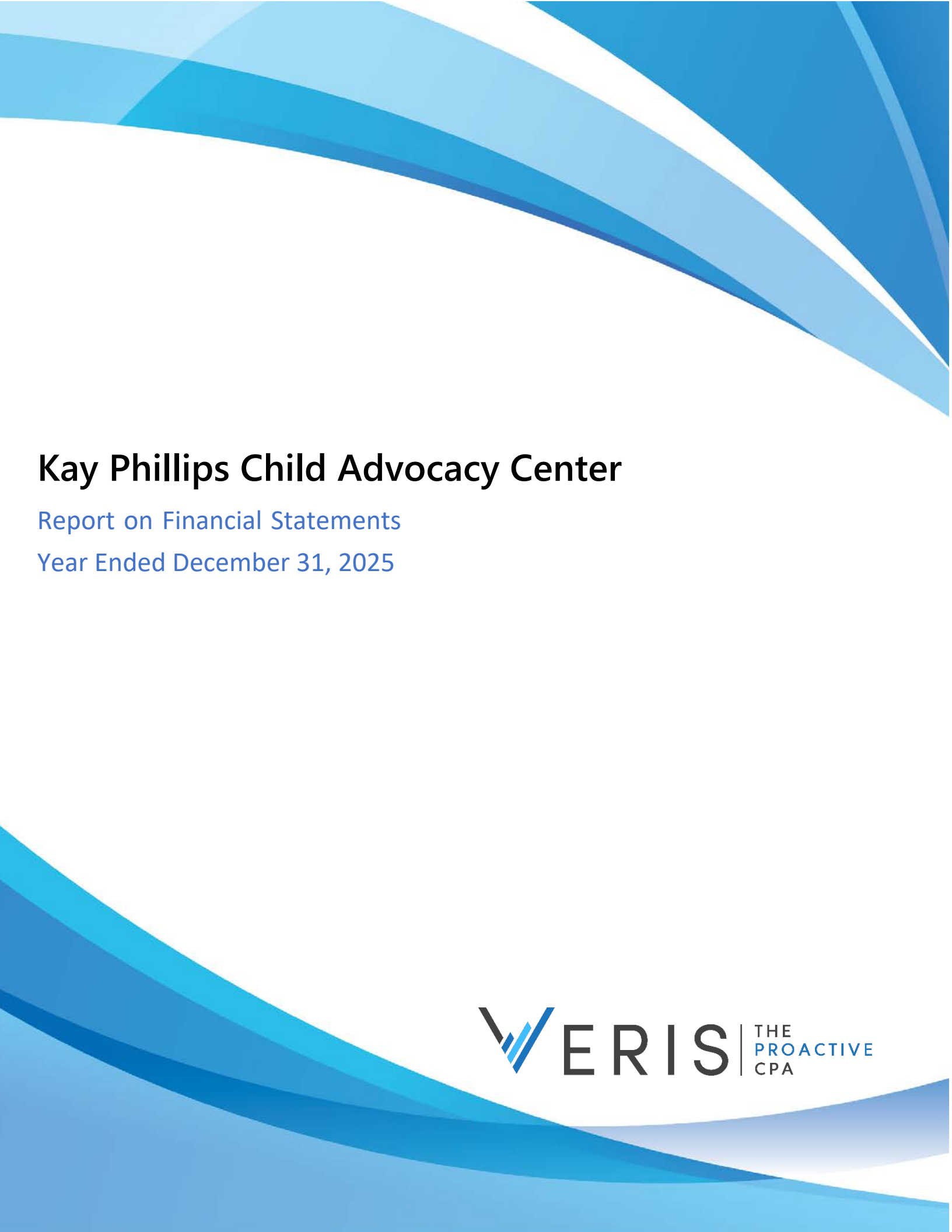




Kay Phillips Child Advocacy Center

Report on Financial Statements

Year Ended December 31, 2025



Kay Phillips Child Advocacy Center
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Independent Auditor's Report

To the Board of Directors of
Kay Phillips Child Advocacy Center
Summerville, South Carolina

Opinion

We have audited the financial statements of Kay Phillips Child Advocacy Center, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kay Phillips Child Advocacy Center as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kay Phillips Child Advocacy Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kay Phillips Child Advocacy Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kay Phillips Child Advocacy Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kay Phillips Child Advocacy Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Veris LLC

Mount Pleasant, South Carolina
August 13, 2026



Kay Phillips Child Advocacy Center
Statement of Financial Position
December 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 1,671,351
Accounts receivable	27,282
Grants receivable	44,984
Promises to give	891,486
Prepaid expenses	<u>9,449</u>
Total Current Assets	<u>2,644,552</u>

Noncurrent Assets

Non-depreciable assets	450,435
Depreciable assets, net	<u>2,531,045</u>
Total Noncurrent Assets	<u>2,981,480</u>

Total Assets	<u><u>\$ 5,626,032</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 6,104
Accrued payroll and liabilities	65,035
Accrued expenses	<u>1,232</u>
Total Liabilities	<u>72,371</u>

Net Assets

Without donor restrictions	4,316,565
With donor restrictions	<u>1,237,096</u>
Total Net Assets	<u>5,553,661</u>

Total Liabilities and Net Assets	<u><u>\$ 5,626,032</u></u>
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Kay Phillips Child Advocacy Center
Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Dorchester County referendum	\$ 196,419	\$ 996,348	\$ 1,192,767
Grants	774,705	240,748	1,015,453
Berkeley County	500,000	-	500,000
Special events and fundraising	334,863	-	334,863
Contributions			
Individual contributions	255,749	-	255,749
Nonfinancial assets	1,103	-	1,103
Interest income	55,858	-	55,858
Program services	51,600	-	51,600
Miscellaneous revenue	8	-	8
Net assets released from restrictions	1,267,513	(1,267,513)	-
Total Revenue and Support	3,437,818	(30,417)	3,407,401
Expenses			
Program services	2,778,079	-	2,778,079
Management and general	193,356	-	193,356
Fundraising	189,085	-	189,085
Total Expenses	3,160,520	-	3,160,520
Change in Net Assets	277,298	(30,417)	246,881
Beginning Net Assets	4,039,267	1,267,513	5,306,780
Ending Net Assets	\$ 4,316,565	\$ 1,237,096	\$ 5,553,661

Kay Phillips Child Advocacy Center
Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries and wages	\$ 1,690,595	\$ 137,513	\$ 97,838	\$ 1,925,946
Employee benefits	149,113	12,129	8,629	169,871
Payroll taxes	145,985	11,874	8,448	166,307
Total Personnel	1,985,693	161,516	114,915	2,262,124
Other Functional Expenses				
Depreciation	146,963	5,267	3,138	155,368
Program expense - grant costs	121,943	-	-	121,943
Program expense - fundraising events	11,920	1,157	52,035	65,112
Insurance	62,222	6,038	4,574	72,834
Telephone and utilities	60,719	2,176	1,297	64,192
Contract services	64,026	-	-	64,026
Contract services - IT support	46,277	4,491	3,402	54,170
Professional services	47,690	2,751	2,084	52,525
Maintenance	48,312	1,731	1,032	51,075
Training	30,666	1,874	1,626	34,166
Supplies	36,512	3,543	2,684	42,739
Travel	23,871	264	259	24,394
Janitorial and housekeeping	22,988	824	491	24,303
MDT-FL conference	19,525	-	-	19,525
Printing and postage	18,010	455	446	18,911
Equipment and rentals	17,290	-	-	17,290
Membership and licenses	10,922	1,060	803	12,785
Furniture and fixtures	2,150	209	158	2,517
Taxes	216	-	-	216
Advertising	164	-	11	175
Bank fees	-	-	130	130
Total Other Functional Expenses	792,386	31,840	74,170	898,396
Total Functional Expenses	\$ 2,778,079	\$ 193,356	\$ 189,085	\$ 3,160,520

Kay Phillips Child Advocacy Center
Statement of Cash Flows
Year Ended December 31, 2025

Cash Flows from Operating Activities

Change in net assets	\$ 246,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	155,368
Change in:	
Accounts receivable	10,188
Grants receivable	151
Promises to give	(138,358)
Prepaid expenses	5,170
Accounts payable	(85,829)
Accrued payroll and liabilities	8,115
Accrued expenses	<u>(3,506)</u>
Net cash provided by operating activities	198,180

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(94,576)</u>
Net cash used in investing activities	<u>(94,576)</u>
Net Increase in Cash and Cash Equivalents	103,604
Cash and Cash Equivalents, Beginning of Year	<u>1,567,747</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,671,351</u></u>

Kay Phillips Child Advocacy Center

Notes to Financial Statements

Note A – Nature of Operations

Kay Phillips Child Advocacy Center (the Center) is a nonprofit organization incorporated in South Carolina. The Center provides services for emergency care for children who are victims of abuse or neglect, including interdisciplinary evaluations, intervention, evidence gathering, and counseling. The Center also provides community outreach, education, and advocacy for children and families who are experiencing problems with abuse and neglect as well as the communities in which they serve. The Center is funded primarily by donor contributions, special events, grants, and a county tax levy.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The Center's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (U.S. GAAP), and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Center's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and Board of Directors.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. The Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, such expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include janitorial, facilities maintenance, depreciation, and utilities, which are allocated based on a square footage basis, as well as salaries and wages, payroll taxes, and benefits, which are allocated based on estimates of time and responsibilities, supplies, dues, licenses, insurance, professional services, and information technology support, which are allocated on the basis of estimates of usage.

Kay Phillips Child Advocacy Center

Notes to Financial Statements

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent amounts awarded by various government agencies. Grants receivable are due within one year and are recorded at their net realizable value. Management estimates an allowance for credit losses based on current economic conditions, historical trends, and current and past experience with individual grantors.

Promises to Give

Unconditional promises to give are recognized as receivables and revenue or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received.

The Center uses the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years' experience and management's analysis of specific accounts. Bad debts are charged to expense in the year they are considered uncollectible. Recoveries are credited to revenue in the year collected.

Restricted and Unrestricted Revenue and Support

Contributions, which at times, may include unconditional promises to give, are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk-adjusted rate. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Center reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restriction in the Statement of Activities.

Income Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income is generated from unrelated business activities. There is no unrelated business income for 2025. The Center qualifies for the charitable contribution deduction under Section 170(b)(1) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Kay Phillips Child Advocacy Center

Notes to Financial Statements

The FASB provides guidance on the Center's evaluation of accounting for uncertainty in income taxes. Management evaluated the Center's position and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Generally, items costing \$1,500 or more are capitalized; lesser amounts for property and equipment and costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the Statement of Activities. Management periodically determines if any property and equipment is impaired. Useful lives of property and equipment are as follows:

Buildings and improvements	15 - 39 years
Office equipment	3 - 5 years
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Medical equipment	3 - 5 years

Contributed Nonfinancial Assets

The Center records various types of in-kind contributions which include donations of snacks, supplies, and professional services. These items are recorded at the estimated fair value, where fair value is based on the price or rate of similar goods or services. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Gifts of goods and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted donor support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition* (ASC 958-605), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Kay Phillips Child Advocacy Center

Notes to Financial Statements

Compensated Absences

The Center provides paid time off to employees to be used during absences from work. Employees accrue paid time off each pay period and an employee can carry up to 80 hours to the next year but will be paid for the first 40 hours in January of the following year. The Supervisory Team, consisting of the Executive Director, Clinical Director, Assistant Clinical Director, Director of Clinical Support and Office/HR Manager can carry up to 100 hours to the next year, but will be paid for the first 50 hours in January of the following year. When an employee terminates employment with the Center, the employee is not entitled to any payment for any unused paid time off, however, upon separation from service, the Center may award an employee the value of accrued, unused, and available paid time off at its discretion.

Note C – Grants Receivable

Grants receivable totaled \$44,984 as of December 31, 2025. Credit loss expense was \$0 for the year ended December 31, 2025. The allowance for credit losses was \$0 as of December 31, 2025 as management believes all outstanding balances are fully collectible.

Note D – Promises to Give

Promises to give are unconditional promises related to the Dorchester County referendum and totaled \$891,486 as of December 31, 2025. All promises to give are collectible within one year from December 31, 2025. Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. The Center recorded no provision for uncollectible promises to give as of December 31, 2025 as management believes the balances are fully collectible.

Note E – Credit Risk

The Center maintains its cash and cash equivalents in bank deposit accounts. The Center utilizes ICS (Insured Cash Sweep) sweep accounts to ensure that all deposits remain fully insured, even when the balances exceed federally insured limits. The Center has not experienced any losses in such accounts.

Kay Phillips Child Advocacy Center
Notes to Financial Statements

Note F – Property and Equipment, Net

Property and equipment consisted of the following as of December 31, 2025:

Depreciable Assets:	
Buildings and improvements	\$ 3,384,696
Office equipment	98,025
Computer equipment	108,736
Furniture and fixtures	134,897
Medical equipment	<u>134,407</u>
Total Depreciable Assets	3,860,761
Less: Accumulated depreciation	<u>(1,329,716)</u>
Total Depreciable Assets, Net	<u>2,531,045</u>
Non-Depreciable Assets:	
Land	<u>450,435</u>
Total Non-Depreciable Assets	<u>450,435</u>
Total Property and Equipment, Net	<u><u>\$ 2,981,480</u></u>

Depreciation expense for the year ended December 31, 2025 totaled \$155,368.

Note G – Related Party Transactions

The Center's Board Members or affiliated companies of Board Members contributed a total of \$77,949 for the year ended December 31, 2025.

The Center conducted business with a company that was owned by a Board Member to provide building renovations and repairs and maintenance services for the Center. Payments made to this vendor totaled \$104,743 for the year ended December 31, 2025.

Note H – Line of Credit

The Center maintains an unsecured \$100,000 line of credit agreement with a bank to meet the Center's working capital needs. The line of credit agreement matures on July 30, 2027. Any borrowings bear interest at a variable interest rate based on the bank's prime rate (prime was 6.75% as of December 31, 2025) but no less than 6.00%. Interest is payable monthly, and any borrowings would be due at the annual maturity date. The Center has no borrowings on this line of credit as of December 31, 2025.

Kay Phillips Child Advocacy Center
Notes to Financial Statements

Note I – Net Assets

The Center's net assets with donor restrictions are restricted for the following purposes as of December 31, 2025:

Subject to Purpose Restrictions	
Clinical services	\$ 240,748
Subtotal	<u>240,748</u>
Subject to Time Restrictions	
Dorchester County referendum	<u>996,348</u>
Subtotal	<u>996,348</u>
Total	<u><u>\$ 1,237,096</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. Releases from restrictions are as follows for the year ended December 31, 2025:

Subject to Purpose Restrictions	
Clinical services	\$ 263,783
Berkley Center	157,300
Community programs	<u>745</u>
Subtotal	<u>421,828</u>
Subject to Time Restrictions	
Dorchester County referendum	<u>845,685</u>
Subtotal	<u>845,685</u>
Total	<u><u>\$ 1,267,513</u></u>

Note J – Dorchester County Referendum

In 2007, Dorchester County voters approved a referendum voting in favor of no less than one tax millage of property taxes to be used to operate a child advocacy center and therefore each year Dorchester County Council budgets for a specific amount to be provided to the Center based on current property tax millage. The receivable for these funds is included in the "Promises to give" asset category, and the revenue is separately stated.

Note K – Defined Contribution Retirement Plan

The Center has a defined contribution retirement plan covering substantially all of its employees. The Center may make a discretionary contribution to the plan each year (subject to prescribed limitations). The Center's contributions totaled \$33,116 for the year ended December 31, 2025.

Kay Phillips Child Advocacy Center
Notes to Financial Statements

Note L – Liquidity and Availability of Financial Assets

The Center's working capital and cash flows have seasonal variations during the year attributable to the timing of revenue and support. To manage liquidity, the Center evaluates cash on a regular basis as part of the monthly review of the internal financial statements, and estimates cash needs based on budgeted and current expenses. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts. The Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Additionally, the Center's Board has designated a portion of its unrestricted resources for the long-term maintenance of its facilities. These funds are intended to be invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The Center also maintains a line-of-credit of \$100,000 with a bank that can be used to supplement cash flows when needed. See Note H for further description of the line of credit.

The following reflects the Center's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 1,671,351
Accounts receivable	27,282
Grants receivable	44,984
Promises to give	<u>891,486</u>
Total Financial Assets	<u>2,635,103</u>
Total Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$ 2,635,103</u></u>

Note M – Subsequent Events

Management has evaluated events through the date on which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.